

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6833**  
**BILL NUMBER: SB 339**

**DATE PREPARED:** Dec 16, 1998  
**BILL AMENDED:**

**SUBJECT:** Annexation as a local public question.

**FISCAL ANALYST:** Beverly Holloway  
**PHONE NUMBER:** 232-9851

**FUNDS AFFECTED:**      **GENERAL**  
                                 **DEDICATED**  
                                 **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill has the following provisions:

- (A) A municipality is required to annex an entire election precinct.
- (B) If a municipality in a county other than St. Joseph County satisfies the annexation requirements at the remonstrance hearing, the court must: (1) enter a judgment that the municipality has satisfied the annexation requirements; and (2) certify the proposed annexation as a local public question to be voted on by voters in the proposed annexed territory at the next general election.
- (C) If a city in St. Joseph County satisfies the annexation requirements at the remonstrance hearing and the landowners of the territory to be annexed fail to satisfy the requirements to stop an annexation, the court must enter a judgment that the city has satisfied the annexation requirements and certify the proposed annexation as a local public question.
- (D) If a majority of votes cast are in favor of the proposed annexation, the annexation must take place unless a court on appeal finds that the city failed to satisfy the annexation requirements. If a majority of votes cast are not in favor of the proposed annexation, the annexation may not take place and a pending appeal of the judgment becomes moot.
- (E) A municipality is required to provide written notice of a hearing concerning a proposed annexation to each owner of real property located within the territory proposed to be annexed.
- (F) The Clerk of the municipality is required to submit a description and map of the territory proposed to be annexed to the Circuit Court Clerk in the county in which the annexed territory is located. The Circuit Court Clerk is required to determine the registered voters within: (1) the territory proposed to be annexed; and (2) each precinct within the territory proposed to be annexed. And, the Circuit Court Clerk is required to submit

the voter information to the county election board.

(G) The bill provides that the act applies to a municipality that adopts an annexation ordinance after June 30, 1999.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** (A), (B), and (C) This bill requires a court to enter a judgement that the municipality has satisfied the annexation requirements and certify the proposed annexation as a local public question at a special election at the same time as the next general election. The special election would not increase election expenses since a new ballot has to be printed for the general election.

Annexation can take place if the majority of the votes cast at the special election on the public question are in favor of the proposed annexation. The annexation cannot take place if a majority of the votes cast are not in favor of the proposed annexation.

When territory is annexed, services are to be extended to that territory. The extension of services to this new territory would create additional expenditures for the municipality. If annexation does not take place because of the provisions in this bill, then the municipality would not have to make these expenditures.

(D) This bill requires a municipality to provide, by certified mail, a written notice of a hearing concerning a proposed annexation to each owner of real property located within or adjoining the territory proposed to be annexed. If the notice is returned unclaimed or refused, the municipality shall mail the notice by regular mail (First Class mail). The notice requirement applies to a municipality that adopts an annexation ordinance after June 30, 1999. The cost of sending an article certified mail through the U.S. Postal Service is \$2.77 (\$1.35 for certification; \$0.32 postage; and \$1.10 for a return signed certification card). The cost of sending an article by First Class mail is \$0.32. Implementation of the notification provisions of this bill will increase the cost to a municipality since current law does not require the mailing of a notification of a public hearing of a proposed annexation. (The current law (IC 5-3-1) requires the notice of a public hearing to published in a local newspaper(s).) The fiscal impact of this bill is indeterminable and dependent on the number of individuals that would receive notice of a proposed annexation public hearing.

(F) The Clerk of the municipality is required to submit a description and map of the territory proposed to be annexed to the Circuit Court Clerk in the county in which the annexed territory is located. The Circuit Court Clerk is required to determine the registered voters within: (1) the territory proposed to be annexed; and (2) each precinct within the territory proposed to be annexed. And, the Circuit Court Clerk is required to submit the voter information to the county election board. This can be done within the existing budget of the Circuit Court Clerk.

**Explanation of Local Revenues:** (A), (B), and (C) The annexation of property broadens the property tax base which tax rates are based on. The existing taxpayers in the municipality usually experience some rate reduction and the annexed taxpayers usually experience a rate increase. The provisions of this bill could eliminate these tax shifts.

**State Agencies Affected:**

**Local Agencies Affected:** Municipality annexing territory; County Circuit and Superior Courts; Clerk of the annexing municipality; Circuit Court Clerk; County election board.

**Information Sources:** U.S. Postal Service, Customer Information, (317) 464-6000.